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Office Memorandum • UNITED STATES GOVERNMENT

STATINTL

TO :

DATE: 31 January 1945

FROM :

SUBJECT: Government Losses in Shipment Act.
50 Stat. 479, 5 U.S.C. 134 8 July 1947***OGC Has Reviewed***

1. Attached is a copy of the subject Act together with regulations issued thereunder and amendments. Also attached are forms to be used in connection with the filing of reports required by the regulations.

2. Briefly, the Act sets up a fund which is to be used for the reimbursement of U. S. Government Agencies for loss or damage suffered in connection with the shipment of valuables. The language of the Act is broad and inclusive and generally has been so construed by those charged with the administration thereof.

3. On 26 January 1945 I discussed this Act and problems arising under it with Mr. Mulvihill and Mr. Martin of the Treasury Department. It was disclosed that the War and Navy Departments have arranged with the Treasury to omit the filing of monthly reports for security reasons. However, they must still maintain adequate records on all shipments.

4. By its terms the Act is mandatory and all Agencies and employees of the Government are required to comply with its provisions, including the regulations issued thereunder. The Office of Strategic Services has not complied with the Act up to this time, although it has considered making claims on the Fund. In a memorandum to the Files,

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himself, it was decided that for security reasons it was advisable to claim refunds from the Treasury in the cases under discussion. In one of these cases the Board of Review has recommended that the amount involved be written off the books.

5. It would seem desirable if this Agency could make arrangements with the Treasury similar to those of War and Navy. The initial action would be a letter from OSS to the Treasury requesting such arrangement and the reasons therefor. If it was felt that a claim could not be made

because of security reasons, then it could be held in abeyance until after the war. Since there is no time limit within which to file claims, this is what War and Navy have done. Although possibly not necessary, it would certainly help matters if OSS were to have a working agreement with the Treasury in this connection. Those losses already written off should be considered with a view to filing claims at some future time or after the war.

6. The handling of classified material was discussed and it was stated that such material was kept in safes and received special handling while being processed. The Act grants considerable leeway in the matter of proving claims and, although strict compliance with the Act and Regulations is required where possible, it was stated that a substantial compliance therewith will usually be sufficient where there are extenuating circumstances.

7. It would seem desirable to inform all persons concerned with shipment of valuables that there is a "Government Losses in Shipment Act". The regulations concerning shipment and transportation should be complied with insofar as possible so that in the event of a loss a claim could be presented where security considerations permitted.

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